

Message Text

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ORIGIN PM-05

INFO OCT-01 NEA-11 ISO-00 EB-08 OMB-01 SS-15 L-03
AID-05 CIAE-00 INR-10 NSAE-00 SSO-00 INRE-00
SIG-03 /062 R

DRAFTED BY DODDSAA:JHARTSOCK:RF
APPROVED BY PM/SAS - HMCCELROY
DOD/ISA - MR. BLITGEN
NEA/ARN - MR. TUNIS
TREASURY - MR. CROSSWHITE
DSAA/L - MR. SILBER

-----083129 152330Z /64

O 151940Z JUN 78
FM SECSTATE WASHDC
TO AMEMBASSY AMMAN IMMEDIATE
INFO AMEMBASSY JIDDA IMMEDIATE
MAP AMMAN JO IMMEDIATE
USCINCEUR VAIHINGEN GE//ECJ4/7// IMMEDIATE
SECDEF WASHDC IMMEDIATE 0513
TREASURY DEPARTMENT WASHDC IMMEDIATE 0375
USDAO JIDDA SA IMMEDIATE
AFAFC DENVER CO IMMEDIATE

UNCLAS STATE 152567

E.O. 11652:N/A

TAGS: MASS, JO

SUBJECT:DEFAULT ON FMS LOANS

REF: A) SECSTATE 021925Z JUN 78
B) AMEMB AMMAN 071417Z JUN 78
C) SECSTATE 072133Z JUN 78
D) SECSTATE 091605Z JUN 78
E) AMEMB AMMAN 101344Z JUN 78
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1. REFERENCE A ADVISED THAT THE GOVERNMENT OF JORDAN (GOJ)
WAS LATE ON A PRINCIPAL PAYMENT OF \$1,765,315.23 DUE TO THE
FEDERAL FINANCING BANK (FFB) UNDER PROMISSORY NOTE DATED
26 MAY 1976 (LOAN AGREEMENT 761). FFB HAS NOW DECLARED
LOAN IN DEFAULT AND DEMANDED PAYMENT BY GUARANTOR. DOD/DSAA
AS GUARANTOR MADE PAYMENT OF THIS AMOUNT TO THE FFB ON

JUNE 78.

2. A PAYMENT OF \$4,583,300 IN PRINCIPAL AND \$1,765,315.23 IN INTEREST WAS DUE THE FFB ON 26 MAY 78. ON THAT DATE, THE FFB RECEIVED A PAYMENT OF \$4,583,300 FROM THE GOJ. WHEN ONLY A PARTIAL PAYMENT IS RECEIVED, ACCRUED INTEREST CHARGES ARE SATISFIED FIRST, AND THE REMAINDER IS APPLIED TO THE PRINCIPAL AMOUNT OWED. THUS, THE FOREGOING ACTIONS LEFT \$1,765,315.23 IN PRINCIPAL DUE AND UNPAID. THIS

AMOUNT, PLUS A LATE CHARGE OF \$350.69 PER DAY FROM AND INCLUDING 27 MAY 78 IS DUE IMMEDIATELY FROM THE GOJ.

3. REFERENCE C ADVISED THAT THE GOJ WAS LATE ON A PRINCIPAL PAYMENT OF \$1,950,000 AND INTEREST PAYMENT OF \$300,391.22 DUE DOD/DSAA ON 2 JUNE 78 UNDER TERMS OF LOAN AGREEMENT BETWEEN DOD AND GOJ DATED 29 MAY 71. THIS LOAN IS NOW IN DEFAULT.

4. PLEASE ADVISE APPROPRIATE GOJ OFFICIALS THAT THE AGREEMENT FOR THE FFB LOAN PROVIDES FOR DOD/DSAA TO REQUEST PAYMENT OF THE OVERDUE AMOUNT FROM THE SAUDI ARABIAN MONETARY AGENCY (SAMA) AS CO-OBLIGOR ON THE 16TH DAY AFTER THE DUE DATE, WHICH WAS 26 MAY 78. THUS, IT WILL BE NECESSARY TO REQUEST SUCH PAYMENT FROM SAMA UNLESS PAYMENT OF THE OVERDUE AMOUNT IS RECEIVED IMMEDIATELY FROM GOJ.
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FYI: WHEN PAYMENT IS RECEIVED FROM EITHER GOJ OR SAMA, IT WILL BE DEPOSITED IN MISCELLANEOUS RECEIPTS, US TREASURY, COMPENSATING FOR PAYMENT ALREADY MADE BY DOD/DSAA AS GUARANTOR. END FYI.

5. ADDITIONALLY, PLEASE ADVISE APPROPRIATE JORDANIAN OFFICIALS OF THE POLICIES DISSEMINATED BY STATE 124355 DATED 16 MAY 78, NAMELY, THAT IN EVENT OF DEFAULT THE USG WILL NOT PRESENT ANY NEW FMS CASES FOR SIGNATURE OR PROCESS ANY FURTHER DISBURSEMENTS FROM ANY FFB OR DOD LOANS UNTIL ALL OVERDUE PAYMENTS ARE RECEIVED FROM THE COUNTRY IN DEFAULT. IF PAYMENT OF ALL OVERDUE AMOUNTS IS NOT RECEIVED FROM GOJ IMMEDIATELY, IT WILL BE NECESSARY TO INVOKE THESE POLICIES FOR GOJ.

6. DOD CONCURS. CHRISTOPHER

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY SALES, LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 15 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE152567
Document Source: CORE
Document Unique ID: 00
Drafter: JHARTSOCK:RF
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780251-0393
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780654/aaaabuuq.tel
Line Count: 110
Litigation Code IDs:
Litigation Codes:
Litigation History:
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Retention: 0
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Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2334813
Secure: OPEN
Status: NATIVE
Subject: DEFAULT ON FMS LOANS
TAGS: MASS, JO
To: AMMAN
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/2e49e287-c288-dd11-92da-001cc4696bcc
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